

AMENDED IN SENATE JULY 5, 2007  
AMENDED IN ASSEMBLY MAY 14, 2007  
AMENDED IN ASSEMBLY APRIL 11, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1310**

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**Introduced by Assembly Member Leno**

February 23, 2007

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An act to amend Sections 5371.5, 5386, and 5413.5 of, to add Section 5371.6 to, and to repeal Section 5386.1 of, the Public Utilities Code, relating to charter-party carriers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1310, as amended, Leno. Charter-party carriers.

(1) The Passenger Charter-Party Carriers Act, with certain exceptions, prohibits a charter-party carrier of passengers from engaging in transportation services subject to regulation by the Public Utilities Commission without obtaining a specified certificate or permit, as appropriate, from the commission. The act requires the commission to investigate every business listed in every classified directory of telephone subscribers as furnishing limousine-for-hire or passenger charter transportation service for compensation in motor vehicles to determine compliance with the certificate or permit requirements and for the purpose of instituting specified civil or criminal proceedings in the event of noncompliance.

This bill, instead, would require the commission, upon receipt of a complaint ~~from a consumer or interested party, or upon the request of a peace officer or transportation inspector, as specified, to take those investigative and enforcement actions with regard to~~ *containing*

*sufficient information to warrant conducting an investigation, to investigate any business that advertises, as defined, limousine-for-hire or passenger charter transportation service for compensation in motor vehicles. The bill would require the commission, in a rulemaking or other appropriate procedure, to adopt criteria that establishes the type of information, if contained in a complaint, that is sufficient to warrant an investigation.*

(2) The act generally requires every charter-party carrier of passengers to state the number of its permit or a specified identifying symbol in every written or oral advertisement of the services it offers. The act requires every charter-party carrier operating a limousine to state the number of its permit or license plate number in every written or oral advertisement of the services it offers. The commission is authorized to impose a fine of not more than \$5,000 for each violation if it finds, after hearing, that any person or corporation is operating as a charter-party carrier of passengers without a valid certificate or permit, or fails to include in any public advertisement the number of the permit or specified identifying symbol.

This bill, instead, would require every charter-party carrier of passengers, including a charter-party carrier operating a limousine, to include the number of its certificate or permit in every written or oral advertisement of the services it offers. The bill would define “advertisement” for the purpose of this requirement. The bill would authorize the commission to impose that fine if it finds, after hearing, that any person or corporation is operating as a charter-party carrier of passengers, including a charter-party carrier operating a limousine, without a valid certificate or permit, or fails to include, the number of the certificate or permit in any written or oral advertisement.

(3) The existing Household Goods Carrier Act provides for the termination of telephone service by a telephone corporation or telegraph corporation to unlicensed household goods carriers and places enforcement of this prohibition with the commission.

This bill would provide for the termination of telephone service by a telephone corporation or telegraph corporation to a charter-party carrier of passengers without a valid certificate or permit and places enforcement of this prohibition with the commission.

(4) Under existing law, a violation of the Passenger Charter-Party Carriers Act, or a violation of an order or direction of the commission issued pursuant to the act, is a crime.

Because the provisions of this bill would be a part of the act and because a violation of those provisions or of an order or decision of the commission implementing those provisions would be a crime, the bill would impose a state-mandated local program by creating new crimes.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 5371.5 of the Public Utilities Code is  
2 amended to read:

3 5371.5. (a) ~~Upon receipt of a complaint from a consumer or~~  
4 ~~interested party, or upon the request of a person designated as a~~  
5 ~~peace officer pursuant to Chapter 4.5 (commencing with Section~~  
6 ~~830) of Title 3 of Part 2 of the Penal Code, or upon the request of~~  
7 ~~a transportation inspector authorized to impound a vehicle pursuant~~  
8 ~~to Section 53075.61 of the Government Code~~ Upon receipt of a  
9 complaint containing sufficient information to warrant conducting  
10 an investigation, the commission shall investigate any business  
11 that advertises limousine-for-hire or passenger charter  
12 transportation service for compensation in motor vehicles. *The*  
13 *commission shall, in a rulemaking or other appropriate procedure,*  
14 *adopt criteria that establishes the type of information, if contained*  
15 *in a complaint, that is sufficient to warrant an investigation.*  
16 Pursuant to this investigation, the commission shall do all of the  
17 following:

18 (1) Determine which businesses, if any, are required to have in  
19 effect a passenger charter-party carrier certificate or permit  
20 pursuant to Section 5371 but do not have the required certificate  
21 or permit.

22 (2) Inform any business not having a required certificate or  
23 permit that it is in violation of law.

24 (3) Within 60 days of informing the business pursuant to  
25 paragraph (2), institute civil or criminal proceedings, or both,

1 pursuant to Article 6 (commencing with Section 5411) or any other  
2 applicable law.

3 (b) For the purposes of this section, “advertises” includes the  
4 undertaking of any action described in subdivision (b) of Section  
5 5386.

6 SEC. 2. Section 5371.6 is added to the Public Utilities Code,  
7 to read:

8 5371.6. (a) The Legislature finds and declares that advertising  
9 and use of telephone service is essential for charter-party carriers  
10 of passengers to obtain business and to conduct intrastate passenger  
11 transportation services. Unlawful advertisements by unlicensed  
12 charter-party carriers of passengers has resulted in properly licensed  
13 and regulated charter-party carriers of passengers competing with  
14 unlicensed charter-party carriers of passengers using unfair business  
15 practices. Unlicensed charter-party carriers of passengers have  
16 also exposed citizens of the state to unscrupulous persons who  
17 portray themselves as properly licensed, qualified, and insured  
18 charter-party carriers of passengers. Many of these unlicensed  
19 charter-party carriers of passengers have been found to have  
20 operated their vehicles without insurance or in an unsafe manner,  
21 placing the citizens of the state at risk.

22 (b) (1) The Legislature finds and declares that the termination  
23 of telephone service utilized by unlicensed charter-party carriers  
24 of passengers is essential to ensure the public safety and welfare.  
25 Therefore, the commission should take enforcement action as  
26 specified in this section to disconnect telephone service of  
27 unlicensed charter-party carriers of passengers who unlawfully  
28 advertise passenger transportation services in yellow page  
29 directories and other publications. The enforcement actions  
30 provided for by this section are consistent with the decision of the  
31 California Supreme Court in *Goldin v. Public Utilities Commission*  
32 (1979) 23 Cal.3d 638.

33 (2) For purposes of this section, a telephone corporation or  
34 telegraph corporation, or a corporation that holds a controlling  
35 interest in the telephone or telegraph corporation, or any business  
36 that is a subsidiary or affiliate of the telephone or telegraph  
37 corporation, that has the name and address of the subscriber to a  
38 telephone number being used by an unlicensed charter-party carrier  
39 of passengers shall provide the commission, or an authorized  
40 officer or employee of the commission, upon demand, and the

1 order of a magistrate, access to this information. A magistrate may  
2 only issue an order, for the purposes of this subdivision, if the  
3 magistrate has made the findings required by subdivision (c).

4 (c) A telephone or telegraph corporation shall refuse telephone  
5 service to a new subscriber and shall disconnect telephone service  
6 of an existing subscriber only after it is shown that other available  
7 enforcement remedies of the commission have failed to terminate  
8 unlawful activities detrimental to the public welfare and safety,  
9 and upon receipt from any authorized officer or employee of the  
10 commission of a writing, signed by a magistrate, as defined by  
11 Sections 807 and 808 of the Penal Code, finding that probable  
12 cause exists to believe that the subscriber is advertising or holding  
13 out to the public to perform, or is performing, charter-party carrier  
14 of passengers transportation services without having in force a  
15 permit or certificate issued by the commission authorizing those  
16 services, or that the telephone service otherwise is being used or  
17 is to be used as an instrumentality, directly or indirectly, to violate  
18 or to assist in violation of the laws requiring a charter-party carrier  
19 of passengers permit or certificate. Included in the writing of the  
20 magistrate shall be a finding that there is probable cause to believe  
21 that the subject telephone facilities have been or are to be used in  
22 the commission or facilitation of holding out to the public to  
23 perform, or in performing, charter-party carrier of passengers  
24 transportation services without having in force a permit or  
25 certificate issued by the commission authorizing those services,  
26 and that, absent immediate and summary action, a danger to public  
27 welfare or safety will result.

28 (d) Any person aggrieved by any action taken pursuant to this  
29 section shall have the right to file a complaint with the commission  
30 and may include therein a request for interim relief. The  
31 commission shall schedule a public hearing on the complaint to  
32 be held within 21 calendar days of the filing and assignment of a  
33 docket number to the complaint. The remedy provided by this  
34 section shall be exclusive. No other action at law or in equity shall  
35 accrue against any telephone or telegraph corporation because of,  
36 or as a result of, any matter or thing done or threatened to be done  
37 pursuant to this section.

38 (e) At any hearing held on a complaint filed with the commission  
39 pursuant to subdivision (d), the commission staff shall have the  
40 right to participate, including the right to present evidence and

1 argument and to present and cross-examine witnesses. The  
2 commission staff shall have both the burden of providing that the  
3 use made or to be made of the telephone service is to hold out to  
4 the public to perform, or to assist in performing, services as a  
5 charter-party carrier of passengers, or that the telephone service  
6 is being or is to be used as an instrumentality, directly or indirectly,  
7 to violate or to assist in violation of the certification or permitting  
8 requirements applicable to charter-party carriers of passengers and  
9 that the character of the acts are such that, absent immediate and  
10 summary action, a danger to public welfare or safety will result,  
11 and the burden of persuading the commission that the telephone  
12 services should be refused or should not be restored.

13 (f) The telephone or telegraph corporation, immediately upon  
14 refusal or disconnection of service in accordance with subdivision  
15 (c), shall notify the subscriber in writing that the refusal or  
16 disconnection of telephone service has been made pursuant to a  
17 request of the commission and the writing of a magistrate, and  
18 shall include with the notice a copy of this section, a copy of the  
19 writing of the magistrate, and a statement that the customer or  
20 subscriber may request information from the commission at its  
21 San Francisco or Los Angeles office concerning any provision of  
22 this section and the manner in which a complaint may be filed.

23 (g) The provisions of this section are an implied term of every  
24 contract for telephone service. The provisions of this section are  
25 a part of any application for telephone service. Applicants for, and  
26 subscribers and customers of, telephone service have, as a matter  
27 of law, consented to the provisions of this section as a consideration  
28 for the furnishing of the telephone service.

29 (h) As used in this section, the terms “person,” “customer,” and  
30 “subscriber” include a subscriber to telephone service, any person  
31 using the telephone service of a subscriber, an applicant for  
32 telephone service, a corporation, as defined in Section 204, a  
33 “person” as defined in Section 205, a limited liability company, a  
34 partnership, an association, and includes their lessees and assigns.

35 (i) (1) As used in this section, “telephone corporation” means  
36 a “telephone corporation” as defined in Section 234.

37 (2) As used in this section, “telegraph corporation” means a  
38 “telegraph corporation” as defined in Section 236.

39 (j) As used in this section, “authorized officer or employee of  
40 the commission” includes the executive director of the commission

1 or any commission employee designated pursuant to paragraph  
2 (5) of subdivision (a) of Section 830.11 of the Penal Code.

3 SEC. 3. Section 5386 of the Public Utilities Code is amended  
4 to read:

5 5386. (a) Every charter-party carrier of passengers, including  
6 a charter-party carrier that operates a limousine, shall include the  
7 number of its permit or certificate in every written or oral  
8 advertisement of the services it offers.

9 (b) For the purposes of this subdivision, “advertisement”  
10 includes, but is not limited to, the issuance of any card, sign, or  
11 device to any person, the causing, permitting, or allowing the  
12 placement of any sign or marking on or in any building or structure,  
13 or in any media form, including newspaper, magazine, radiowave,  
14 satellite signal, or any electronic transmission, or in any directory  
15 soliciting charter-party transportation services subject to this  
16 chapter.

17 SEC. 4. Section 5386.1 of the Public Utilities Code is repealed.

18 SEC. 5. Section 5413.5 of the Public Utilities Code is amended  
19 to read:

20 5413.5. (a) Whenever the commission, after hearing, finds  
21 that any person or corporation is operating as a charter-party carrier  
22 of passengers, including a charter-party carrier operating a  
23 limousine, without a valid certificate or permit, or fails to include  
24 in any written or oral advertisement the number of the certificate  
25 or permit required by Section 5386, the commission may impose  
26 a fine of not more than five thousand dollars (\$5,000) for each  
27 violation. The commission may assess the person or corporation  
28 an amount sufficient to cover the reasonable expense of  
29 investigation incurred by the commission. The commission may  
30 assess interest on any fine or assessment imposed, to commence  
31 on the day the payment of the fine or assessment becomes  
32 delinquent. All fines, assessments, and interest collected shall be  
33 deposited at least once each month in the General Fund.

34 (b) Whenever the commission, after hearing, finds that any  
35 person or corporation is operating a charter-party carrier of  
36 passengers as a taxicab without a valid certificate or permit in  
37 violation of an ordinance or resolution of a city, county, or city  
38 and county, the commission may impose a fine of not more than  
39 five thousand dollars (\$5,000) for each violation. The commission  
40 may assess the person or corporation an amount sufficient to cover

1 the reasonable expense of investigation incurred by the  
2 commission. The commission may assess interest on any fine or  
3 assessment imposed, to commence on the day the payment of the  
4 fine or assessment becomes delinquent. All fines, assessments,  
5 and interest collected shall be deposited at least once each month  
6 in the General Fund.

7 SEC. 6. No reimbursement is required by this act pursuant to  
8 Section 6 of Article XIII B of the California Constitution because  
9 the only costs that may be incurred by a local agency or school  
10 district will be incurred because this act creates a new crime or  
11 infraction, eliminates a crime or infraction, or changes the penalty  
12 for a crime or infraction, within the meaning of Section 17556 of  
13 the Government Code, or changes the definition of a crime within  
14 the meaning of Section 6 of Article XIII B of the California  
15 Constitution.